

To All Concerned Parties

Name of REIT Issuer:
Hulic Reit, Inc.
2-26-9 Hatchobori, Chuo-ku, Tokyo, Japan
Eiji Tokita, Executive Officer
(TSE Code: 3295)
Contact:
Asset Management Company
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Eiji Tokita, President and CEO
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Notice concerning the Issuance of New Investment Units and Secondary Offering of Investment Units

TOKYO, September 9, 2019 – Hulic Reit, Inc. (hereinafter referred to as “Hulic Reit”) announced that it has passed a resolution at a meeting of its Board of Directors held today, concerning the issuance of new investment units and the secondary offering of investment units as follows.

1. Issuance of new investment units through public offering (Primary Offering)

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|-----|---|---|
| (1) | Number of investment units to be offered | 58,000 units |
| (2) | Amount to be paid in
(issue value) | To be determined

The amount to be paid in will be determined by a meeting of Hulic Reit’s Board of Directors to be held on a date between Wednesday, September 18, 2019 and Tuesday, September 24, 2019 in accordance with the methods provided for in Article 25 of the Regulations Concerning Underwriting, etc. of Securities set forth by the Japan Securities Dealers Association (hereafter referred to as the “Pricing Date”). |
| (3) | Total amount to be paid in
(issue value) | To be determined |
| (4) | Issue price
(offer price) | To be determined

The issue price (offer price) will be determined in accordance with the methods provided for in Article 25 of the Regulations Concerning Underwriting, etc. of Securities set forth by the Japan Securities Dealers Association and will be provisionally calculated by using, as a tentative price, a figure obtained by taking the closing price of its investment units for ordinary trading on the Tokyo Stock Exchange, Inc. on the Pricing Date (in the |

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- event no such price on the Pricing Date is available, then the closing price on the immediately preceding day) and multiplying a number between 0.90 and 1.00 (with any fractions of one yen rounded down to the nearest 1 yen), while taking into account demand and other factors.
- (5) Total amount of issue price (offer price) To be determined
- (6) Method of public offering The offering shall be a Primary Offering in which all investment units shall be purchased and underwritten by Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd. and Daiwa Securities Co. Ltd. (hereinafter referred to as the “Joint Lead Managers”); and SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Okasan Securities Co., Ltd. (referred to collectively with the Joint Lead Managers as the “Underwriters”).
- (7) Details of underwriting agreement The Underwriters shall pay to Hulic Reit the same amount as the total amount to be paid in (issue value) for the Primary Offering on the payment date stated below under (10) and the difference between such amount and the total amount of the issue price (offer price) shall be the proceeds of the Underwriters. Hulic Reit will not pay an underwriting fee to the Underwriters.
- (8) Subscription unit 1 unit or more, in multiples of 1 unit
- (9) Subscription period From the next business day extending through the second business day coming after the Pricing Date.
- (10) Payment date A date between Thursday, September 26, 2019 and Tuesday, October 1, 2019 which shall be five business days after the Pricing Date.
- (11) Delivery date The next business day after the Payment Date set forth in (10) above.
- (12) Final determination of amount to be paid in (issue value), issue price (offer price) and other matters necessary for the issuance of new investment units will be made at a future meetings of Hulic Reit’s Board of Directors.
- (13) Each of the above items shall be subject to the condition that the securities registration under the Financial Instruments and Exchange Act of Japan becomes effective.

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2. Secondary Offering of investment units (Secondary Offering through Over-allotment) (Please see <Reference> below: “1. Regarding Secondary Offering through Over-allotment and Related Matters.”)

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| (1) | Number of the secondary offering of investment units | 3,000 units
The number of secondary offering of investment units noted above is shown as the maximum number of investment units to be allocated for Secondary Offering through Over-allotment by Mizuho Securities Co., Ltd., one of the bookrunners of the Primary Offering, taking into consideration demand and other factors in the Primary Offering. It is possible that this number may decrease or that the Secondary Offering through Over-allotment itself may not take place depending on demand and other factors in the Primary Offering. The number of investment units will be determined at a meeting of Hulic Reit’s Board of Directors to be held on the Pricing Date, taking into consideration demand and other factors in the Primary Offering. |
| (2) | Seller | Mizuho Securities Co., Ltd. |
| (3) | Secondary offer price | To be determined
The secondary offer price will be determined on the Pricing Date. In addition, the secondary offer price shall be the same as the issue price (the offer price) in the Primary Offering. |
| (4) | Total amount of secondary offer price | To be determined |
| (5) | Method of secondary offering | Taking into consideration demand and other factors in the Primary Offering, Mizuho Securities Co., Ltd., one of the bookrunners of the Primary Offering will conduct a secondary offering of the investment units, which it will borrow from Hulic Co., Ltd. (hereafter “the Designated Party”) of up to maximum of 3,000 units. |
| (6) | Subscription unit | 1 unit or more, in multiples of 1 unit |
| (7) | Subscription period | The same as the Primary Offering subscription period |
| (8) | Delivery date | The same as the Primary Offering delivery date |
| (9) | The secondary offer price and other necessary matters of the secondary offering of investment units | will be determined at future meetings of Hulic Reit’s Board of Directors. |
| (10) | Each of the items above shall be subject to the condition that the securities registration under the Financial Instruments and Exchange Act of Japan becomes effective. | |

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3. Issuance of new investment units through Third-party Allotment (Please see <Reference> below: “1. Regarding Secondary Offering through Over-allotment and Related Matters.”)

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|------|---|--|
| (1) | Number of investment units to be offered | 3,000 units |
| (2) | Amount to be paid in
(issue value) | To be determined
The amount to be paid in will be determined at a meeting of Hulic Reit’s Board of Directors to be held on the Pricing Date. In addition, the amount to be paid in (issue value) shall be the same as the amount to be paid in (issue value) of the Primary Offering. |
| (3) | Total amount to be paid in
(issue value) | To be determined |
| (4) | Allottee and allotted units | Mizuho Securities Co., Ltd. 3,000 units |
| (5) | Subscription unit | 1 unit or more, in multiples of 1 unit |
| (6) | Subscription period
(Subscription date) | Thursday, October 10, 2019 |
| (7) | Payment date | Friday, October 11, 2019 |
| (8) | Investment units for which no subscription is made during the subscription period (subscription date) set forth in (6) above will not be issued. | |
| (9) | The amount to be paid in (issue value) and other matters necessary for the issuance of new investment units will be determined at future meetings of Hulic Reit’s Board of Directors. | |
| (10) | Each of the items above shall be subject to the condition that the securities registration under the Financial Instruments and Exchange Act of Japan becomes effective. | |

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<Reference>

1. Regarding Secondary Offering through Over-allotment and Related Matters

The Secondary Offering through Over-allotment is a secondary offering of investment units in which Mizuho Securities Co., Ltd. will borrow from the Designated Party of up to maximum of 3,000 units, taking into consideration demand and other factors in the Primary Offering. The number of secondary offering of investment units allocated for the Secondary Offering through Over-allotment will be 3,000 units. This is the maximum number of units allocated, and as such it is possible this number may decrease or that the Secondary Offering through Over-allotment itself may not take place depending on demand and other factors.

In connection with the Secondary Offering through Over-allotment, Hulic Reit has passed a resolution at a meeting of its Board of Directors held on Monday, September 9, 2019, to issue 3,000 new investment units through third-party allotment to Mizuho Securities Co., Ltd. (hereinafter referred to as “the Third-party Allotment”) with a payment date of Friday, October 11, 2019, in order for Mizuho Securities Co., Ltd. to acquire the necessary investment units for return of the investment units (hereinafter referred to as “the Borrowed Investment Units”) borrowed from the Designated Party.

During the period from the date following the date on which the subscription period ends for the Primary Offering and the Secondary Offering through Over-allotment to Tuesday, October 8, 2019 (hereafter referred to as “the Syndicate Cover Transaction Period”), the Mizuho Securities Co., Ltd. may purchase investment units on the Tokyo Stock Exchange, Inc. in a quantity up to the number in the Secondary Offering through Over-allotment for the purpose of returning the Borrowed Investment Units. All of the investment units acquired by Mizuho Securities Co., Ltd. in the Syndicate Cover Transactions will be used to return the Borrowed Investment Units. Furthermore, during the Syndicate Cover Transaction Period, Mizuho Securities Co., Ltd. may based on its own judgment, not carry out the Syndicate Cover Transactions or terminate the Syndicate Cover Transactions at the number of units that is lower than the number of units issued in the Secondary Offering through Over-allotment.

In addition, Mizuho Securities Co., Ltd. may engage in stabilizing transactions in connection with the Primary Offering and the Secondary Offering through Over-allotment, and may use all or part of the investment units purchased through such stabilizing transactions to return the Borrowed Investment Units.

Mizuho Securities Co., Ltd. may acquire through the Third-party Allotment the number of investment units determined by subtracting the number of investment units purchased through the stabilizing transactions and the Syndicate Cover Transactions, to be used for returning the Borrowed Investment Units, from the number of investment units offered in the Secondary Offering through Over-allotment. Thus, it is possible that subscriptions will not be made for part or all of the investment units issued through the Third-party Allotment, and as a result the final maximum number of investment units in the Third-party Allotment may decrease or the Third-party Allotment may not be carried out at all due to the forfeiture of subscription rights.

Whether or not the Secondary Offering through Over-allotment occurs, as well as the number of investment units to be issued if the Secondary Offering through Over-allotment occurs, will be decided on the Pricing Date. If the Secondary Offering through Over-allotment does not occur, the borrowing of investment units from the Designated Party by Mizuho Securities Co., Ltd. will not take place. In such case, through forfeiture, Mizuho Securities Co., Ltd. will not issue any new investment units, and not accept the Third-party Allotment, and subscriptions will not occur. Furthermore, no Syndicate Cover Transactions will take place on the Tokyo Stock Exchange, Inc.

The above transactions will be carried out by Mizuho Securities Co., Ltd. in consultation with Nomura Securities Co., Ltd. and Daiwa Securities Co. Ltd.

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2. Change in total number of outstanding investment units after this issuance of new investment units

Present total number of outstanding units	1,251,000 units
Increase in the number of investment units associated with the issuance of new investment units in the Primary Offering	58,000 units
Total number of outstanding investment units after the issuance of new investment units in the Primary Offering	1,309,000 units
Increase in the number of investment units associated with the Third- party Allotment	3,000 units (note)
Total number of outstanding investment units after the Third-party Allotment	1,312,000 units (note)

Note:

The figures assume that Mizuho Securities Co., Ltd. subscribes for all of the investment units in the Third-party Allotment, and that all such investment units are issued.

3. Purpose of and reason for the Issuance

The issuance of new investment units is for the purpose of expanding assets through the acquisition of new specified assets (within the meaning of Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan), diversifying properties in the portfolio and enhancing cash flow stability, and has been determined after careful consideration of Hulic Reit's LTV ratio, ratio of cash distribution per unit (DPU) and net asset value per unit (NAV).

4. Amount, use and planned disbursement date

(1) Amount of proceeds (estimated net proceeds)

¥10.8 billion (maximum)

Note:

This is the sum total of an estimated net of ¥10.2 billion in proceeds from the Primary Offering and an estimated net of ¥0.5 billion in proceeds from the Secondary Offering through Third-party Allotment. In addition, the above figures reflect the closing price for ordinary trades of the investment units on the Tokyo Stock Exchange, Inc. as of August 30, 2019.

(2) Specific use of proceeds and planned disbursement date

The proceeds of ¥10.2 billion from the public offering will be allotted in full to funds for the acquisition of Hulic Ginza 7 Chome Building (20% additional acquisition) and Charm Suite Shinjukutoyama among specified assets that Hulic Reit plans to acquire (below, the "properties scheduled to be acquired") described in the "Notice concerning the Acquisition of Property" released today. If there is any balance remaining, it will be allotted in full or part to the repayment of borrowings related to the acquisition of Charm Suite Shakujiko described in the "Notice concerning the Borrowing of Funds" released today along with up to ¥0.5 billion in proceeds from the third-party allotment. If there is any more balance remaining, it will be used as cash on hand to fund the acquisition of specified assets in the future or the repayment of borrowings.

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Property name	Anticipated acquisition price (Millions of yen) (note 1)	Expected acquisition date (note 2)
Hulic Ginza 7 Chome Building (20% additional acquisition)	4,480	September 27, 2019
Charm Suite Shinjukutoyama	3,323	

Notes:

1. The expected acquisition price is as set forth in the relevant purchase agreement, rounded to the nearest million yen.
2. The expected acquisition date of each property is as set forth in the relevant purchase agreement. However, the expected acquisition date is subject to any change in the Pricing Date.
3. Hulic Reit will place the proceeds with a financial institution until their disbursement.

5. Designation of party to receive allocation

The Underwriters will sell 3,050 units of the investment units in the Primary Offering to Hulic Co., Ltd., a purchaser designated by Hulic Reit, corporate unitholder of Hulic Reit and shareholder of Hulic Reit's Asset Manager.

6. Outlook

Please refer to the "Notice concerning Revisions to the Forecasts of Financial Results, etc. for the Fiscal Period Ended August 31, 2019 and the Fiscal Period Ending February 29, 2020 and Announcement of Forecasts of Financial Results, etc. for the Fiscal Period Ending August 31, 2020" announced today.

7. Financial Results and Status of Equity Finance of Last Three Fiscal Periods, etc.

(1) Financial results of last three fiscal periods

	Fiscal period ended February 28, 2018	Fiscal period ended August 31, 2018	Fiscal period ended February 28, 2019
Net income per unit (note)	¥3,797	¥3,643	¥3,516
Distributions per unit	¥3,797	¥3,643	¥3,516
Payout ratio	99.9%	99.9%	99.9%
Net assets per unit	¥131,470	¥131,316	¥133,655

Note:

Net income per unit is calculated by dividing net income by the number of investment units issued at the end for the period. Amounts are rounded down to the nearest yen.

(2) Recent Investment Unit Prices

1) Investment unit prices of last three fiscal periods

	Fiscal period ended August 31, 2018	Fiscal period ended February 28, 2019	Fiscal period ended August 31, 2019
Opening price	¥159,400	¥163,800	¥176,900
High	¥174,600	¥181,800	¥195,300
Low	¥155,400	¥156,400	¥176,000
Closing price	¥163,300	¥176,900	¥188,000

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2) Investment unit prices of last six months

	April 2019	May 2019	June 2019	July 2019	August 2019	September 2019
Opening price	¥188,800	¥180,600	¥178,600	¥186,700	¥193,800	¥187,500
High	¥189,100	¥184,300	¥189,600	¥195,300	¥194,800	¥191,500
Low	¥177,000	¥178,600	¥178,100	¥185,900	¥187,800	¥185,500
Closing price	¥182,500	¥179,800	¥187,100	¥194,200	¥188,000	¥190,900

Note:

The investment unit prices stated for September 2019 are current as of September 6, 2019.

3) Investment unit price of prior business day of issuance resolution date

	September 6, 2019
Opening price	¥188,800
High	¥191,500
Low	¥188,700
Closing price	¥190,900

(3) Status of Equity Finance of Last Three Fiscal Periods

1) Capital increase through public offering

Date of issuance	October 31, 2018
Amount of the proceeds	¥20,068,804,800
Amount to be paid in (issue value)	¥149,544
Total investment units issued as of offering	1,110,000 units
Total investment units issued by offering	134,200 units
Total investment units issued after offering	1,244,200 units
Initial use of funds as of issuance	Allocated to provide part of the acquisition funds for assets to be acquired and repay the short-term loans payable.
Planned disbursement date as of issuance	November 2018 onward
Current status of allocation	The amount for the above-mentioned planned disbursement date has been allocated.

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2) Capital increase through third-party allotment

Date of issuance	November 19, 2018
Amount of the proceeds	¥1,016,899,200
Amount to be paid in (issue value)	¥149,544
Total investment units issued as of offering	1,244,200 units
Total investment units issued by offering	6,800units
Total investment units issued after offering	1,251,000 units
Allottee	Mizuho Securities Co., Ltd.
Initial use of funds as of issuance	Allocated to repay the short-term loans payable
Planned disbursement date as of issuance	December 2018 onward
Current status of allocation	The amount for the above-mentioned planned disbursement date has been allocated.

8. Lock-up

- (1) In connection with the Primary Offering, Hulic Co., Ltd. is expected to agree with the Joint Lead Managers to the effect that no sale (with the exclusion of the lending of investment units in connection with the Secondary Offering through Over-allotment) shall be conducted during the period beginning with the Pricing Date and ending on the date that is 180 days after the Delivery Date of the units without prior written consent of Joint Lead Managers.
Joint Lead Managers are expected to have the authority to cancel such agreement, in whole or in part, at their discretion even during the 180-day lock-up-period described above.
- (2) In connection with the Primary Offering, Hulic Reit has entered into agreement with the Joint Lead Managers to the effect that no issuance of investment units (with the exclusion of the issuance of new investment units accompanying the Primary Offering, the Third-party Allotment, and splits of investment units) shall be conducted during the period beginning with the Pricing date and ending on the date that is 90 days after the Delivery Date of the units without prior written consent of the Joint Lead Managers.
Joint Lead Managers will have the authority to cancel such agreement, in whole or in part, at their discretion even during the 90-day lock-up period described above.

* Hulic Reit's website: <https://www.hulic-reit.co.jp/en/>

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